S. HRG. 101-626

# NOMINATION OF MICHAEL PAUL GALVIN

## HEARING

BEFORE THE

## COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS UNITED STATES SENATE

ONE HUNDRED FIRST CONGRESS

SECOND SESSION

ON

THE NOMINATION OF

MICHAEL PAUL GALVIN, OF ILLINOIS, TO BE AN ASSISTANT SECRETARY OF COMMERCE FOR EXPORT ADMINISTRATION, VICE MICHAEL E. ZACHARIA, RESIGNED.

APRIL 25, 1990

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# NOMINATION OF MICHAEL PAUL GALVIN, OF ILLINOIS, TO BE ASSISTANT SECRETARY OF COMMERCE FOR EXPORT ADMINISTRATION

WEDNESDAY, APRIL 25, 1990

U.S. SENATE,
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS,
*Washington, DC.*

The committee met at 9:30 a.m., in room SD-538, Dirksen Senate Office Building, Senator Donald W. Riegle, Jr. (chairman of the committee) presiding.

Present: Senators Riegle, Dixon, and D'Amato.

## OPENING STATEMENT OF CHAIRMAN RIEGLE

The CHAIRMAN. The committee will come to order.

We welcome all in attendance and our nominee this morning who is, of course, accompanied by our very distinguished colleague on this committee, Senator Dixon.

I will make a brief opening comment and then I'm going to call on Senator Dixon for introductory comments that he wishes to make.

Today the committee is holding a hearing on the nomination of Michael Paul Galvin to be the Assistant Secretary of Commerce for Export Administration, a very important position in our Government.

In that position he will assist and advise the Under Secretary of Commerce and the Secretary of Commerce on the development of policies relating to Export Administration Act issues. These include overseeing control authorized under that act to help in achieving our country's national security and foreign policy goals and to safeguard against exports of materials in short supply.

Mr. Galvin's job is especially critical at this time when serious questions are raised about what changes in our national security export control regime are required by fast developing events in Eastern Europe and the Soviet Union.

Understandable apprehensions have been voiced that our present national security control regime subordinates our country's economic competitiveness to military concerns at a time when the former and not the latter appear to be in the ascendancy.

We have also heard concerns that if we do not streamline controls, CoCom, the organization through which we coordinate controls with our allies, will disintegrate.

Congress has never sought to micromanage our export control system. The Export Administration Act, therefore, delegates to the

executive branch the authority to administer controls in the manner it deems appropriate to achieve the act's purposes. It is therefore most important that we have confidence in the persons appointed to administer this important authority, which must also, I might say, be renewed by Congress this year.

So we welcome Mr. Galvin to the committee. I am very pleased to have had the chance to meet your wife, Elizabeth, and your two young children and we will have you introduce them a little bit later at an appropriate point. Then, after we've heard from Senator Dixon, we will administer the oath to Mr. Galvin and take his opening remarks and proceed to questions.

With that, I am very pleased to call on the distinguished Senator from the State of Illinois, Senator Dixon.

## STATEMENT OF ALAN J. DIXON, U.S. SENATOR FROM THE STATE OF ILLINOIS

Senator DIXON. Thank you very much, Mr. Chairman. May I apologize both to you and to my friend, Mr. Galvin, for the fact that after these introductory remarks I ask leave to be excused. I have to go over to the Armed Services Committee which is now meeting and then at 10:10 I have to make a speech. So I have some modest time constraints.

I appreciate very much the courtesy of the Chair, who has been very diligent in working with this committee to give us an opportunity to present Mr. Galvin to the committee at the first convenient time.

And I am pleased to be here this morning, Mr. Chairman, to introduce the President's nominee for the position of Assistant Secretary of Commerce for Export Administration, Michael P. Galvin, to this committee.

Mike, Mr. Chairman, is a distinguished Illinoisan. He received his law degree from Kent College of Law, a fine Chicago institution. He's practiced law with Winston and Strawn, a prestigious firm headquartered in Chicago. Mike spent a number of years as the president of the National Strategy Forum, a non-partisan organization that sponsors research and educational seminars on national security, diplomatic and economic policy issues.

His career, Mr. Chairman, has demonstrated his keen mind and his sound judgment. He faces a number of very tough challenges when he's confirmed for this position, as I hope and expect he will be.

I simply want the committee to know that, in my view, he is more than capable of meeting these challenges.

Mr. Chairman, I can assure the committee without hesitation that I think that Mr. Galvin will make a great Assistant Secretary.

Again, Mr. Chairman, I've talked to you many times about this nominee. I want to express my personal appreciation for the many courtesies extended to this Senator on behalf of Mr. Galvin throughout this process. Thank you very much.

The CHAIRMAN. Thank you, Senator Dixon. We understand your time problems this morning, so feel free to excuse yourself at whatever time you must leave.

Mr. Galvin, let me administer the oath now and then I am going to call on you for your opening comments.

[Whereupon, the witness was duly sworn.]

The CHAIRMAN. Very good. I know you have some family members with you today and I'd like you now to introduce them, if you would care to, and then give us your opening comments.

**STATEMENT OF MICHAEL PAUL GALVIN, FROM ILLINOIS, TO BE ASSISTANT SECRETARY OF COMMERCE FOR EXPORT ADMINISTRATION**

Mr. GALVIN. Thank you very much, Mr. Chairman.

It's my pleasure to introduce to the committee today my wife, Elizabeth, whose intelligence, wit and support are matched only by her signature good looks; and my two children, Annie and Wylie, to whom I look for so much of my inspiration.

For those of us who have chosen public service as a profession, the spotlight does not shine often enough on our families whose support and sacrifices contribute so mightily to our accomplishments. I know you share my feeling on that, Mr. Chairman, and it's a great pleasure to be able to take this brief moment and share the spotlight with them.

The CHAIRMAN. Now let me ask you, do you have any opening statement you want to make to the committee today?

Mr. GALVIN. I do have a brief statement, Mr. Chairman.

I consider it a great honor to appear before this committee as President Bush's nominee for Assistant Secretary of Commerce for Export Administration. This position supports the effort to strengthen our national security, to project certain of our foreign policy objectives and to invigorate our industrial base competitiveness.

I want to assure you and the other members of the committee that, if confirmed, I will work together with you to improve administration of our export control system and to reinvigorate our industrial base competitiveness.

I understand that managing this diversified policy portfolio involves the most delicate balancing of America's national security and economic interests.

On the one hand, we must never forget that a mistake in licensing or decontrolling dual-use technology may have significant and irreversible consequences. On the other hand, a deterioration in American strategic technological competitiveness, engendered by stifling and ineffective export controls, can be as important a long-term threat to national security as a deterioration in military power. I intend to continue the Export Administration's emphasis on truly critical items. This will result in the control of the most strategic goods while eliminating unnecessary controls so that U.S. companies can compete effectively in the global marketplace.

Developments in Eastern Europe and the Soviet Union offer many strategic opportunities and challenges. One of the strategic opportunities is to implement responsible export control reforms to facilitate greater economic and political independence for Eastern European countries that adopt safeguards. This is in America's long-term strategic interest.

One of the challenges is to keep our multilateral export control system strong as it undergoes this period of renewal. This is also in our long-term strategic interest. If confirmed, Mr. Chairman, I intend to pursue these strategic objectives.

I will further challenge attention to defense industrial base concerns raised in connection with defense trade Memorandums of Understanding, offsets, and foreign acquisitions of American producers of strategic goods.

In conclusion, I look forward, if confirmed, to forging a partnership with this Banking Committee in meeting the export control and industrial base challenges of the future.

Thank you very much, Mr. Chairman.

The CHAIRMAN. Very good. We appreciate the statement and it's a helpful one.

Mr. Galvin, I understand the proposals being debated in the administration for modifying our national security export controls in response to the changes that are taking place in Eastern Europe and the Soviet Union call for differentiating what can be sold on the one hand to the Soviets, as opposed to what can be sold on the other hand to former Soviet Bloc countries.

I'm wondering if you think such a differentiation in policy makes sense and, if so, can it be administered effectively?

Mr. GALVIN. Mr. Chairman, I believe that differentiation is in the national security interest of this country. I believe that the Soviet Union does pose a significantly different quality of threat. I think that if we use the differentiation policy as an incentive to encourage Eastern European countries to safeguard strategic trade transactions against unauthorized diversions, that that will help facilitate CoCom reform and be ultimately in our enforceable and verifiable national security interest long term.

The CHAIRMAN. On March 15th, the Washington Post carried an article entitled "Soviet Cable Plan Spurs Fight in the United States." It's about the Soviet Union's plan to build a $500 million fiber optic communications link across the Soviet Union.

Apparently, the Soviets are negotiating with a consortium of U.S. companies to build this system, but the National Security Agency is leading opposition to the project in the Bush administration.

U.S. West, an American company, as you know, wants to participate in the project and they claim that the Soviets could get the technology from non-American companies if our administration prevents participation by U.S. West and these other U.S. companies that would like to do this job.

What is your view of the participation by U.S. companies in that project?

Mr. GALVIN. Mr. Chairman, I support any effort on behalf of the U.S. Government to help stimulate trade without compromising national security. I understand that the Soviet Union and Eastern European countries are interested in improving their telecommunications infrastructure.

I think that we ought to look for ways that we can do that without compromising national security. The specific proposal to which you are referring I am familiar with, but I am not in the position in this public forum to discuss the matter because of its confiden-

tial nature. I would be happy to make arrangements, if it's appropriate, for you or your appropriate staff members to be briefed on that issue.

The CHAIRMAN. Well, I appreciate that, but I am interested not in the immediate intricacies of that internal debate, but I am interested more in your views about whether an item like a fiber optics communication link is the kind of thing that we ought to be trying to supply, if American businesses can do it and American workers can do it, particularly if we've got other foreign suppliers who are willing to step in and do it if we don't.

Would you view that kind of system as being, from your vantage point, the job you would have, as being something that would present a high level of risk to this country?

Mr. GALVIN. Mr. Chairman, the issue here is "to what extent do we want to be helpful in improving the telecommunications infrastructure within the Soviet Union and its links to Europe and the United States and elsewhere around the globe?"

I think that, with respect to fiber optic cable, in concept, we could make it available. The problem is, at what technological level? And that is the issue that is being debated internationally and within the administration at this point in time.

The CHAIRMAN. On March 28th, Richard Perle, the former Assistant Secretary of Defense in charge of export controls testified before this committee on hearings that we were having to reauthorize and amend the Export Control Act, and he strongly recommended to us that Congress amend the current foreign availability provision of the act because under the current provision the Department of Commerce can make unilateral decisions on foreign availability that can result in removing U.S. export controls on militarily critical technologies.

He stated this, he stated that Commerce "need not consult seriously with the Department of Defense or for that matter anyone else. It can find foreign availability even when the intelligence community finds the opposite."

Do you agree with that criticism of the current foreign availability procedure? What would be your view on it?

Mr. GALVIN. Mr. Chairman, I am in favor of the foreign availability program. I am in favor of the amendments to the Export Administration Act that were adopted in connection with the Omnibus Trade and Competitiveness Act to strengthen the procedures with respect to how those assessments are conducted.

I think that since the administration has put new players in place in the Defense Department, the State Department, and the Commerce Department in the foreign availability program, we have been working very productively together. We have been sharing information at the beginning of these assessments. We have been making assessments on time.

Since we have been operating under the new statute, I can't think of an instance where we haven't been working productively.

Yes, the State Department, the Defense Department and the Commerce Department from time-to-time see some of these issues differently, but when we hit that 4-month clock at the end of the assessment period, we seem to have been able to work very effectively together to date and look forward to doing so in the future.

The CHAIRMAN. Well, it sounds to me then like you feel that you would not agree with Mr. Perle that there has to be a change in the provision of the act.

Mr. GALVIN. At this point in time, I think that we ought to give the act an opportunity to work. It's not even a couple of years old, and if refinements are required in the future, then I think we ought to entertain them at that appropriate time.

I think what we need is an opportunity to see how Commerce in its leadership position, working in consultation with the Defense Department and the State Department, operates under the new law.

The CHAIRMAN. We have heard complaints recently about the overlap of export controls between items on the munitions control list, which is administered by the State Department under the Arms Export Control Act, and the commodity control list of dual-use technologies administered by the Commerce Department under the Export Administration Act.

Exporters have asserted that the administration sometimes puts dual-use items on the munitions control list in order to be free from the export control streamlining reform procedures that Congress put into the Export Administration Act in the Trade Bill.

I'm wondering if you think the complaints about an overlap between these control lists have merit and, if so, how would you think we might go about resolving that problem?

Mr. GALVIN. Mr. Chairman, I acknowledge that we have a slight problem in the way that we reconcile which items ought to be covered under which regimes—the munitions list or our national security list that's managed by the Commerce Department.

I think that we can clarify that situation. State and Commerce have been engaged in negotiations to do so. Part of the solution to that problem will be the clarification in the definition as to what is or is not a munitions item. And once we get that definition and some procedural fixes worked out, I think that we will see some improvement on that particular problem.

The CHAIRMAN. In your opening statement, you stressed that the maintenance of a strong and competitive U.S. industrial sector is fundamental to our country's national security, and I fully of course support that view; and that unrealistic export controls can in fact damage our national security. You call for "responsible" export control reforms in light of developments in Eastern Europe and the Soviet Union.

I understand that there are differences of opinion in the Commerce and State and Defense Departments as to what would constitute responsible reforms.

Can you tell us what level of officials in each department are involved in settling interagency disputes as to what reform proposals we should present to our CoCom partners at the June meeting?

Mr. GALVIN. What levels of officials?

The CHAIRMAN. Yes. Who's handling this? Do you know?

Mr. GALVIN. The issue of policy origination and policy conclusion is one that escalates, as you well know, throughout the executive branch.

I am pleased to say that a number of the reforms that are being considered by the administration in its review at this point in time

originated from the congressionally mandated TAC's, Technical Advisory Committees, which we have been strengthening since the new leadership has taken over, and I will continue to strengthen after confirmation, if I am confirmed.

With respect to the policy level officials, basically it is at the Assistant Secretary level. That would be Allan Wendt at the State Department and Bill Rudman over at the Defense Department. If issues are left open at that particular level, they are escalated to the Under Secretary level, which is Paul Wolfowitz at Defense and Reggie Bartholomew at the Department of State, and Dennis Kloske, obviously at the Department of Commerce. And then, of course, any issues that are not reconciled at that level are escalated to the respective secretaries, the National Security Council and the President of the United States.

The CHAIRMAN. Do you know if the President himself has gotten involved in this discussion or in settling any disputes on this set of reforms?

Mr. GALVIN. Senator, this export control reform is an important initiative for the President. He has spoken publicly on that issue.

The CHAIRMAN. Well, my question is a little different than that. That is, do you have any knowledge as to whether or not he up to this point has gotten involved in trying to reconcile this difference of opinion on reforms? Is he participating in it?

Mr. GALVIN. He is participating in the process, Senator. I do not have specific information as to which meetings he may have participated in with his advisers within the White House.

The CHAIRMAN. Your sense is the White House is involved in this?

Mr. GALVIN. Very much so, yes.

The CHAIRMAN. One other question and then I'm going to yield to Senator D'Amato.

In your opening statement, you state that, if confirmed, you will pay particular attention to the defense industrial base concerns that are raised in connection with "foreign acquisitions of American producers of strategic goods," obviously a key issue and of great concern to many of us in the Senate.

I'm wondering, has the administration charged the intelligence community to examine whether there is any coordinated effort by any foreign company or country to acquire technologies that are important to continued U.S. leadership in the aerospace industry? If not, do you think it would make sense for us to try to see that such a study is done so we don't have something like that happen in that particular area?

Mr. GALVIN. Mr. Chairman, without getting into any confidential information which would be inappropriate to share here at this time, suffice it to say that with respect to defense trade memorandums of understanding and direct foreign investment issues that come before CFIUS under the Exon-Florio provision, all of the agencies participating in those specific decisions or judgments look to the intelligence agencies for a great deal of support information. They are very attentive to the situation and have been very helpful in formulating policy decisions.

The CHAIRMAN. Well, just as a follow-on to that, I've posed the question with respect to the aerospace industry. Would you put the

aerospace industry in a category of an area of strategic importance to the country where we would want to very carefully monitor the degree to which we were seeing foreign acquisition of American producers in that area?

Mr. GALVIN. Absolutely.

The CHAIRMAN. What would be some of the other sort of categorical areas where you would have that kind of professional concern?

Mr. GALVIN. There are so many different aspects to our defense industrial base that are important. At the risk of leaving a number out, I will just give some examples in order to be responsive to your question. I think that information processing is very, very important. I think machine tools are extremely important. I think communications are very important. I think our work that we are doing in codings and composite materials is extremely important. I think optical fiber and laser capabilities are important. These are some of the areas that we have to be very, very concerned about in terms of our future defense needs.

The CHAIRMAN. Now does the Commerce Department—apart from technological, highly sophisticated technological areas where we have an edge and we wouldn't want to give that edge away unwittingly or foolishly so that it compromised our strategic security, in your mind, do you also see areas of our economy where our strategic economic security may also have to be considered apart from just these exotic technologies but where you might have a situation where just our sheer economic strength over the long term could be undercut in a way that would create a national security risk? Have you thought about that?

Mr. GALVIN. As a general matter, Mr. Chairman, I think that the economic vitality of this country is linked to the quality of our national security. While our defense posture is extremely important and we ought to take that very seriously, we have to understand that the competition among global superpowers in the future is going to be slugged out in the trenches of the marketplace—hopefully not the trenches of the battlefield.

In that connection, I think it's very important that we are regulating our businesses, for example, under our export control systems, effectively so that we can enhance trade opportunities without compromising national security. In doing so, we just simply have to create opportunities for our businesses to sell, because if they're not selling they are not creating wealth; if they are not creating wealth, they don't have the resources to invest; if they are not investing, they are not staying competitive; and if they are not staying competitive, they are not leading technologically; and that technological link is so important to our force multiplier strategy—our technological edge from a defense standpoint.

So they are all interrelated, Mr. Chairman, I agree with you.

The CHAIRMAN. Senator D'Amato, let me yield to you at this point.

## OPENING REMARKS OF SENATOR D'AMATO

Senator D'AMATO. Mr. Chairman, I want to thank you. Certainly I want to congratulate Mr. Galvin and wish him every success in

this important new role. I hope he will be confirmed quickly and I intend to support him.

Mr. Chairman, I apologize both to you and Mr. Galvin for the fact that I ask leave to be excused. I have an Intelligence Committee meeting that I must attend.

The CHAIRMAN. Very good, Senator D'Amato. We've also got a super-301 meeting going on down in the Finance Committee right now with Trade Representative Hills, so we've got to go down and deal with her.

Mr. GALVIN. Thank you for those remarks, Senator D'Amato.

The CHAIRMAN. Let me also say with respect to your initial comments, that you are exactly right, that public service is a family endeavor and more so all the time. The pressures of public life and all of the manifestations really require teamwork and support across the board and I often think that spouses give as much or more to the team effort as do the person who may be holding the public assignment. Sometimes it's a man that holds it and sometimes it's a woman that holds it, so the spouse can be of either sex, but in any case, I appreciate the point that you make and I appreciate the willingness of you and your family to take on the responsibilities and requirements of serious public work.

This job will obviously require some amount of international travel and travel across this country, and so it will be a demanding assignment and one that I think really requires an exceptional effort. I think we're in the midst of a global transition that's been underway for some time that's putting the United States in a new set of risk situations. They are different in certain ways and it's very important that we understand them and that we adjust our policies intelligently in time so that we are not way behind events.

So we look forward to having you, if confirmed, and I expect that you will be. We expect you to give full measure of energy and fresh thinking and leadership to this work.

I also intend to support your nomination and at some point when we can arrange to do so we will call the committee together and act on your nomination.

So we thank you for your testimony today. We may very well have questions from other members of the committee that we will want to submit to you in writing and, if so, we would ask you to respond to them promptly and we will insert them in the record.

Mr. GALVIN. Thank you very much, Mr. Chairman.

The CHAIRMAN. Very good. The committee stands in recess.

[Whereupon, at 10:10 a.m., the hearing was adjourned.]

[Biographical sketch and response to written questions from the nominee follow:]

# STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: Galvin (LAST) Michael (FIRST) Paul (OTHER)

Position to which nominated: Assistant Secretary of Commerce for Export Administration

Date of nomination: August 4, 1989

Date of birth: 08 (DAY) 07 (MONTH) 52 (YEAR) Place of birth: Chicago, Illinois

Marital status: Married Full name of spouse: Elizabeth Wylie Galvin

Name and ages of children: Anne Helen Galvin 4

Stuart Wylie Galvin 2

Education:

| Institution | Dates attended | Degrees received | Dates of degrees |
|---|---|---|---|
| IIT/Chicago - Kent College of Law | 09/75-06/78 | J.D. | 06/78 |
| Boston College | 09/70-06/74 | B.S. | 06/74 |
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Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement.

Scholarship: Editor-in-Chief of the Chicago-Kent Law Peview

**Memberships:** List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

| Organization | Office held (if any) | Dates |
|---|---|---|
| The National Strategy Forum | Director/President | 10/83-Present |
| Prentice Women's Hospital Maternity Center | Director | 10/86-Present |
| Children's Memorial Hospital Providers | Director | 08/87-02/89 |
| Art Institute of Chicago Auxiliary | Director | 06/88-Present |
| American Center for International Leadership | Director | 10/88-Present |
| IIT/Chicago - Kent College of Law Overseers | Director | 01/86-Present |
| Big Brothers/Big Sisters of Chicago | Director | 11/85-06/88 |

(Continued on page 2A)

**Employment record:** List below all positions held since college, including the title or description of job, name of employment, location of work, and dates of inclusive employment.

| Description | Name | Location | Dates |
|---|---|---|---|
| Consultant | U.S. Dept. of Commerce | Washington, DC | 02/89-Present |
| Associate/ Partner | Winston & Strawn | Chicago, IL | 07/78-02/89 |
| Summer Clerk | U.S. Attorneys Office | Chicago, IL | 06/77-08/77 |
| Summer Clerk | Motorola, Inc. | Washington, DC | 06/76-08/76 |
| Research/ Writer | U.S. House Republican Conference | Washington, DC | 07/74-08/75 |

Memberships (continued):

| Organizations | Office held (if any) | Dates |
|---|---|---|
| Robert W. Galvin Charitable Foundation | Secretary | 06/87-Present |
| Landmarks Preservation Council | Director | 07/84-12/87 |
| Lincoln Park Zoo Auxiliary | Director | 03/83-04/87 |
| Advisory Cmte. to the ABA Standing Cmte. on Law and National Security | Member | 01/87-06/89 |

**Government experience:** List any experience in or direct association with Federal, State, or local governments, including any advisory, consultative, honorary or other part-time service or positions.

House Republican Conference Committee, Legislative Digest, 1974-75.

Senate Page (Charles H. Percy, sponsor), 1969.

**Published writings:** List the titles, publishers and dates of books, articles, reports or other published materials you have written.

"The Eleventh Amendment: Implied Waiver of State Immunity Re-Examined," Chicago-Kent Law Review, Volume 53, Number 2, page 475 (1976).

**Political affiliations and activities:** List all memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

1988: Illinois Finance Chairman, George Bush for President, The Presidential Trust of the Republican National Committee (RNC) and Victory '88 of the Illinois Republican Party (IRP).

1982-Present: United Republic Fund of Illinois, Board Member.

1979-Present: Candidate Finance Committees -- Senator Charles H. Percy, Governor James Thompson, Reagan-Bush.

**Political contributions:** Itemize all political contributions of $500 or more to any individual, campaign organization, political party, political action committee or similar entity during the last eight years and identify the specific amounts, dates, and names of the recipients.

See page 4A.

**Qualifications:** State fully your qualifications to serve in the position to which you have been named. (attach sheet)

See page 4B.

**Future employment relationships:**

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

I will. See page 6A.

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization.

None.

3. Has anybody made you a commitment to a job after you leave government?

No.

4. Do you expect to serve the full term for which you have been appointed?

Yes.

Political Contributions:

To the best of my knowledge and recollection, the following is a listing of political contributions made or allocated to various political candidates or entities in respect of each of the past eight years.

1988

| | |
|---|---|
| Illinois Republican Party | 1,200 |
| United Republican Fund | 1,500 |
| Pete Dawkins For U.S. Senate | 1,000 |
| Fund for America's Future | 5,000 |
| Citizens For Thompson-Governors Club | 1,000 |
| Republican National Committee Eagles | 5,000 |
| George Bush For President-Compliance Committee | 1,000 |
| Republican National State Elections Committee | 1,100 |
| Republican State Senate Dinner | 1,000 |
| RNC Presidential Trust | 10,000 |
| Ed Vrdolyak for City Clerk Campaign | 1,000 |
| 1988 Republican Convention Gala | 2,000 |
| Victory 88 - Illinois (Illinois Republican Party) | 1,000 |
| Victory 88 - Illinois (Illinois Republican Party) | 10,000 |
| Illinois State Republican Senate Finance Committee | 1,000 |

1987

| | |
|---|---|
| Madison County Republican Central Committee | 2,000 |
| Cook County Republican Party | 1,000 |
| George Bush for President | 1,000 |
| United Republican Fund | 1,000 |
| Lynn Martin for Congress | 1,000 |
| United Republican Fund | 1,000 |
| Cook County Republican Party | 1,000 |
| Don Haider for Mayor | 1,000 |
| Illinois Republican Party | 1,000 |
| Fund for America's Future | 5,000 |

1986

| | |
|---|---|
| Cook County Republican Party | 1,000 |
| George Ranney for Senate | 1,000 |
| Snelling '86 | 500 |
| United Republican Fund | 5,100 |

1980-1985

My records for these years are incomplete. To the best of my knowledge and recollection, the only candidates or committees to which I may have contributed in excess of $500 (none of which contributions exceeded $1,000) in any one year include:

| | |
|---|---|
| Senator Charles H. Percy | Senate Republican Inner Circle |
| Governor James Thompson | Bernard Epton (1983) |
| Illinois Republican Party | Reagan-Bush (1984) (1980) |
| United Republican Fund of Illinois | Victory '84 (1984) |

Qualifications of Michael P. Galvin to serve as Assistant Secretary of Commerce for Export Administration.

As a practicing attorney with the law firm of Winston & Strawn, I developed substantial knowledge and experience in negotiating, drafting and closing sophisticated corporate transactions involving private and public companies operating both in the U.S. and abroad. This experience has equipped me with the skills to tackle complex issues, reconcile competing interests and negotiate with competitors.

Apart from my legal practice, I have managed and advised a number of nonprofit entities active in national security strategy. For example, I served as President of the National Security Forum which sponsors nonpartisan research and educational fora on international economic, military and diplomatic affairs, including issues relating to export control policy. I also served as a member of the Advisory Committee to the American Bar Association Standing Committee on Law and National Security. My leadership roles and participation in these activities provided me with valuable insight into national security policy.

Earlier in my career, I served as a research and policy analyst for the House Republican Conference Committee. My principal responsibilities involved reporting detailed analysis of emerging legislation through the Legislative Digest, which was published weekly. This experience gave me a special appreciation of the tough choices which legislators face in balancing domestic and international priorities.

If confirmed by the United States Senate, I will apply my expertise and experience to the job of Assistant Secretary of Commerce for Export Administration to the fullest extent of my abilities.

**Potential conflicts of interest:**

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

See pages 6A and 6B.

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

See pages 6A and 6B.

3. Describe any business relationship, dealing or financial transaction (other than tax-paying) which you have had during the last 10 years with the Federal Government, whether for yourself, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

None.

4. List any lobbying activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy.

None.

5. Explain how you will resolve any potential conflict of interest that may be disclosed by your responses to the above items.

See pages 6A and 6B.

**Civil, criminal and investigatory actions:**

1. Give the full details of any civil or criminal proceeding in which you were a defendant or any inquiry or investigation by a Federal, State, or local agency in which you were the subject of the inquiry or investigation.

None.

2. Give the full details of any proceeding, inquiry or investigation by any professional association including any bar association in which you were the subject of the proceeding, inquiry or investigation.

None.

Responses to Questions 1, 2 and 5

This will describe steps I have already taken and intend to take to avoid potential conflicts of interest, including the recusal policy that I will adopt, if confirmed as Assistant Secretary for Export Administration:

- I have terminated my association with Winston & Strawn, the law partnership in which I practiced. In connection with that termination, I have severed all financial arrangements with the law firm, except that I have retained my vested interest in the Winston & Strawn defined contribution retirement plan. I will take the necessary steps to withdraw from the retirement plan all funds to which I am entitled.

- I will resign from all director, officer and trustee positions. I further will resign as custodian of family trusts and accounts.

- I have adopted a program of divestiture under which I have disposed of financial interests that may have created a potential for conflict of interest. Additionally, I will request that the trustee for the Robert W. Galvin grantor trust dispose of all securities in that trust in which I may have an interest as a remainderman beneficiary, if such interests are determined by Department of Commerce ethics officials to pose a potential conflict of interest.

- I will recuse myself from participating in any particular matter which may have a direct and predictable effect within the meaning of Section 208, 18 U.S.C., on financial interests that I may retain. In appropriate instances, in lieu of recusal, I will seek a waiver under Section 208(b).

- With regard to my financial interests associated with Motorola, Inc., I will adopt a recusal policy under which I will agree not to participate in any export license application, determination of foreign availability, implementation of regulation, decontrol initiative, procurement or case in which Motorola or any of its affiliates is an applicant, a party, or otherwise has a direct interest. I also will agree not to participate in any policy decision or recommendation that has a direct and predictable effect upon an industry sector in which Motorola conducts business.

- I will recuse myself, for a period of one year, from participation in any particular matter in which Winston & Strawn is to my knowledge representing a client that is an applicant, party or otherwise has a direct interest in such

matter. This recusal would not extend to policy matters or legislation in which Winston & Strawn or its clients are interested or in which they may provide comments.

° I will recuse myself from participation on a case-by-case basis in any particular matter in which, in my judgment, it is desirable for me to do so in order to avoid the possible appearance of impropriety, despite the lack of any actual conflict of interest.

**ANSWERS TO SENATOR PAUL S. SARBANES' QUESTIONS OF APRIL 25, 1990**

**BY**

**MICHAEL P. GALVIN**
**NOMINEE FOR ASSISTANT SECRETARY**
**FOR EXPORT ADMINISTRATION**

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**Q.1.** Does the administration require additional legislative authority to implement changes in export control policy that may be negotiated in CoCom?

**A.1.** Based upon my observation at this time, no additional legislative authority is required to implement the types of changes in export policy that are currently being negotiated in CoCom. If an Eastern European distribution license program were allowed, section 4(a) of the Export Administration Act would have to be revised.

**Q.2.** Proposals have been made to give the Commerce Department exclusive authority to implement the Export Administration Act, removing the roles currently provided the Defense and State Departments. What are your views of such proposals?

**A.2.** I support the Administration's position to renew the Export Administration Act (EAA) in its present form. It has been my observation that Commerce has been asserting its leadership role as provided under the current EAA. Under any reorganization proposal, there will continue to be circumstances when it would be appropriate for the Commerce Department to work with the Defense and State Departments on the formation or implementation of export control policy.

**Q.3.** Could you describe for the record your vision of what the U.S. export control system should look like five years from now? What should CoCom look like five years from now?

**A.3.** If the threat assessment continues to ease in Eastern Europe and the Soviet Union, then the U.S. and its CoCom partners will streamline the CoCom International List and relax certain licensing requirements for those countries that adopt safeguards against diversions. The Soviet Union, however, will probably continue to pose a significant threat over the next five years even as it undergoes political reform. For this reason, national security-based export control systems will continue in the U.S. and among CoCom members, although in significantly streamlined form.

Concerns relating to the proliferation of missile technology and chemical and biological weapons will probably grow in importance over the next five years. If this is in fact the trend, these initiatives will hopefully be coordinated multilaterally through the Missile Technology Control Regime or the Australia Group, respectively.

**Q.4.** In your disclosure statement to the committee, you indicate that you have adopted a program of divestiture under which you have disposed of financial interests that may have created a potential for conflict of interest. You also state, however, that you will recuse yourself from participating in any particular matter which may have a direct and predictable effect within the meaning of Section 208, 18 U.S.C., on financial interests that you retain. You also state that in appropriate instances, in lieu of recusal, you will seek a waiver under section 208(b).

a) Does this mean there are financial interests which you are not divesting that create a potential conflict of interest? Could you describe for the record what those financial interests are?

b) Could you explain for the record your understanding of the phrase "direct and predictable effect" within the meaning of Section 208?

c) Could you give an example for the record of a circumstance in which you might seek a waiver under Section 208(b) rather than recuse yourself from participating in a particular matter?

**A.4(a).** The short answer to this question, whether there are any financial interest that I have not divested and which create potential conflicts of interest is (with one exception discussed below) no. By way of background, I should note that my efforts to eliminate potential conflicts of interest were based on the advice of ethics officials for the Department of Commerce and my personal attorney. Those efforts were also reviewed and approved by the Office of Government Ethics to ensure full compliance with not only the letter, but also the spirit, of the Federal ethics statutes, including Section 208, 18 U.S.C.

Upon learning of my prospective appointment, I began to dispose of those holdings within my control that could have created potential conflicts. Ethics counsel for the Department of Commerce, upon review of my holdings, assisted me in identifying investments that were likely to create conflicts issues. Such holdings, to the extent that they were within my control, were sold. I also have committed to requesting the trustee of a family trust to dispose of trust assets that may create conflicts of interest, if confirmed. The trustee has indicated a willingness to do so upon my request.

I have retained only a few minor stock holdings with the approval of the Office of General Counsel of the Department of Commerce and the Office of Government Ethics. As to those specific holdings, I requested (and was granted) a waiver under Section 208(b), 18 U.S.C., based upon an independent determination that the holdings are not so substantial as to be deemed likely to affect the integrity of the services the Government may expect from me as Assistant Secretary. The financial interests subject to this waiver are stock holdings:

A.T. Cross
Alaska Air Group
Albany International
Canadian Pacific
Capital Cities/ABC
Gillette
Wellman

In sum, and upon my request to the trustee of the family trust (as described), I will have retained, to my knowledge, no financial interest that is believed to create a potential conflict of interest (except as discussed in Answer 5).

**A.4(b).** The precise language of my recusal commitment as to "any particular matter which may have a direct and predictable effect" on a financial interest is intended to fulfill completely the purposes of Section 208. I am advised that the words "direct and predictable" are the product of interpretative Presidential memoranda and advisory opinions of the Office of Legal Counsel to make more precise the scope of Section 208. Thus, I intend to recuse myself from any matter, proceeding or deliberation, the outcome of which reasonably may be anticipated to affect, without any intervening causes or actions, a financial interest of mine.

**A.4(c).** I have already requested and been granted a waiver, as discussed in Answer 4(a). I do not intend to seek any further waiver.

**Q.5.** You indicate that with regard to financial interests associated with Motorola, Inc., you will adopt a recusal policy under which you will agree not to participate in any export license application, determination of foreign availability, implementation of regulation, decontrol initiative, procurement or case in which Motorola or any of its affiliates is an applicant, a party, or otherwise has a direct interest. You also state that you will not participate in any policy decision or recommendation that has a direct and predictable effect upon an industry sector in which Motorola conducts business.

a) Could you explain for the Committee how this recusal policy will work?

b) Do you have any estimate of what portion of your responsibilities as Assistant Secretary would be affected by the recusal policy?

c) Are you aware of any precedents in the Bureau of Export Administration for such a recusal policy?

**A.5(a).** This recusal policy, as noted, would apply to my financial interests associated with Motorola, Inc. I have been advised that, because of the manner in which most of such interests are held (principally, by family trusts) and the extent of such holdings, neither a blind trust, divestiture, nor waiver is a feasible solution. Accordingly, I will recuse myself on an ongoing basis from any such matters as may have an effect upon my interests in Motorola, as reflected in the materials provided to the Committee.

If confirmed, my recusal policy will have been, and will continue to be, communicated to those individuals who are in a position to screen matters that otherwise would be brought to my attention. In those few

instances when recusal is deemed appropriate, such matters would be redirected to other policy-level officials in the Bureau of Export Administration. These officials include Under Secretary Dennis Kloske, Deputy Under Secretary Joan McEntee, Associate Deputy Under Secretary Stanley Sienkiewicz, and Deputy Assistant Secretary Jim LeMunyon. Assistant Secretary for Enforcement, Quincy Krosby, also is available to assume certain of these responsibilities if necessary and appropriate.

**A.5(b).** If confirmed, my recusal will apply to only a small portion of the total number of export control issues which may be escalated into or initiated by the office of the Assistant Secretary. As to defense industrial base issues involving defense MOUs, CIFIUS and the Defense Production Act, the recusal is likely to have an even smaller effect. In sum, it is the independent view of senior Commerce officials with experience in these matters that my recusal policy would not materially affect my ability to discharge the duties of the office of the Assistant Secretary for Export Administration.

**A.5(c).** It is my understanding that a number of employees in the Department of Commerce, including many Presidential Appointees, have issued recusal statements concerning personal financial interests. I am not aware of such recusals by other senior policy officials in the Bureau of Export Administration, however.